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SUBJECT: KOSOVO: SCENESETTER FOR CODEL BEAN

11. (U) Your visit to Kosovo comes at the final phase of a prolonged period of negotiation over Kosovo's status, a process led by UN Special Envoy and former Finnish President Martti Ahtisaari. The status negotiation process began in January 2006 with the articulation of basic principles by the Contact Group, a group of countries prominently involved in the Balkans region (U.S., UK, Germany, Italy, and Russia), and has continued for over fifteen months, culminating in Ahtisaari's presentation of a comprehensive settlement plan to the UN Security Council for its consideration this past March. Since that time, the UNSC has discussed various draft resolutions on Kosovo, but has been unable to reach consensus due to persistent Russian opposition; efforts continue to find a formulation acceptable to all Security Council members, including Russia.

12. (U) For the purposes of these status-related negotiations, Kosovo Albanian governing and opposition parties managed to come together in a single "Unity Team," engaging seriously and constructively with Ahtisaari and his team over the entire course of the lengthy discussions, and offering substantial legal guarantees for the Serb community in Kosovo as well as other minority ethnic communities. Key to these guarantees was the concept, embodied in the Ahtisaari plan, of decentralization, giving robust and broad authority to municipal leaderships on issues as diverse as security, education, health and welfare. Albanians also agreed to the formation of new, Serb-majority municipalities encompassing close to 90 percent of all Serbs in Kosovo, thus affording them rights unprecedented elsewhere for minority populations in Europe. Ahtisaari provided for international supervision of the implementation of his plan, strong protections for the Serbian Orthodox church and other Serb cultural sites, and a continuing NATO military presence in Kosovo with a mandate to provide a safe and secure environment.

13. (U) The Unity Team accepted Ahtisaari's plan in its entirety, as did the Kosovo Assembly, which voted overwhelmingly in favor. Kosovars remain committed to implementation of the Ahtisaari plan, and efforts are ongoing in a variety of working groups to draft legislation that would codify the protections for minorities envisaged in the

settlement package. Kosovars have also demonstrated remarkable patience and maturity in accepting successive delays of the status process, which have postponed the prospect of a final status resolution well beyond the initially anticipated timeframe of end-2006. While they are firm in their resolve to realize Kosovo's independence, they have accepted that the internationally-led process is the only way to accomplish this and to ensure full support for their objectives. Ethnically-motivated crime remains at an all-time low since the destructive and tragic riots of March 2004, when Albanian anger led to attacks on international and Serb targets in Kosovo. Anti-Ahtisaari demonstrations by the so-called "Self-Determination Movement" peaked at a few hundred activists in February 2007 and have declined dramatically since then.

¶4. (U) Protection of Kosovo's Serb population remains a priority for the international community in Kosovo, and for the U.S. Office in Pristina in particular. The largest population of Serbs in Kosovo lives south of the Ibar River in eastern Kosovo, where U.S. KFOR troops have responsibility, and they are widely credited with maintaining peace and stability as well as earning the respect of Serbs and Albanians alike. U.S. assistance has aided Serb communities throughout Kosovo with road, water, school, and other infrastructure projects, with one million dollars being spent in the last year alone in Kosovo's three overwhelmingly Serb majority municipalities in the north. The U.S. Office has become an advocate for Serb causes large and small, including preservation of the interests of Decani monastery, a highly symbolic historical and religious site for Serbs the world over. The U.S. is also a strong supporter of the efforts of the Reconstruction Implementation Commission, a Council of Europe-led process that has brought together the

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Serbian and Kosovo Ministries of Culture in a successful bid to restore and rebuild Orthodox churches damaged through violence.

¶5. (U) Serb returns to Kosovo have been less encouraging, for a variety of reasons. Lack of economic opportunity, fears about security and freedom of movement, dwindling donor resources, and political sparring over the returns issue have prevented many Serbs from coming back to their pre-conflict homes. Kosovo's government is the largest contributor of funds to reconstruct homes (over \$40 million spent in under five years), but many of these homes stand empty waiting for their Serb occupants to return. In a small but positive sign, however, over 100 Serbs recently returned to the village of Srpski Babush in the Albanian-majority Ferizaj/Urosevac municipality; U.S. KFOR has been deeply involved in both safeguarding this community and providing for basic needs. Other similar returns have been noted in central Kosovo and western Kosovo.

¶6. (U) U.S. policy remains supportive of supervised independence for Kosovo, not least because Kosovo's economic development can no longer be sustained through small-scale enterprise and donor largesse. Kosovo will need support from international financial institutions that can be provided only to sovereign states, and it will need a level of serious private investment that is now deterred by the unresolved question of status. Kosovo's economic prospects hinge largely on development of its energy sector, as its lignite deposits are some of the most significant in Europe. It has one of the youngest populations in Europe, as well, making employment as a condition for social stability a key issue for the future.

¶7. (U) We look forward to your visit and the chance to answer further questions about Kosovo and its prospects.

KAIDANOW